



House of Representatives

File No. 720

General Assembly

January Session, 2003

(Reprint of File No. 140)

Substitute House Bill No. 6502
As Amended by House
Amendment Schedule "A"

Approved by the Legislative Commissioner
May 19, 2003

AN ACT CONCERNING CERTAIN PURCHASES OF MERCHANDISE UNDER THE RETAIL INSTALLMENT SALES FINANCING ACT.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 36a-771 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2003*):

3 (a) Every retail installment contract shall be in writing, shall contain
4 all the agreements of the parties and shall be completed as to all
5 essential provisions prior to the signing of the contract by the retail
6 buyer. No installment contract shall be signed by the retail buyer when
7 such contract contains blank spaces to be filled in except that this
8 provision shall not apply to serial number or other identifying marks
9 which are not available for description at the time of execution of such
10 contract. The retail seller shall deliver to the retail buyer a true and
11 complete executed copy of the retail installment contract at the time
12 the retail buyer signs such contract.

13 (b) Every retail installment contract for the purchase of consumer
14 goods subject to section 36a-774 and this section shall set forth the

15 information required to be disclosed under sections 36a-675 to 36a-685,
16 inclusive, and the regulations thereunder, using the form, content and
17 terminology provided therein.

18 (c) Retail installment contracts shall contain the following
19 statements, printed in a size equal to at least ten-point bold type: (1) At
20 the top of the contract, the words "RETAIL INSTALLMENT
21 CONTRACT" or "RETAIL INSTALMENT CONTRACT"; (2) a definite
22 statement that the insurance, if any, included in the retail installment
23 sale provides or does not provide coverage for personal liability and
24 property damage caused to others, as the case may be; (3) the
25 following notice directly above the space reserved for the signature of
26 the buyer: "NOTICE TO THE BUYER: 1. Do not sign this contract
27 before you read it or if it contains any blank space. 2. You are entitled
28 to a completely filled-in copy of the contract when you sign it. 3. Under
29 the law, you have the following rights, among others: (a) To pay off in
30 advance the full amount due and obtain a partial refund of any
31 unearned finance charge; (b) to redeem the property if repossessed for
32 a default; (c) to require, under certain conditions, a resale of the
33 property if repossessed." [Until October 1, 1982, any retail seller may,
34 at his option, use the notice required by the provisions of this section
35 in effect prior to May 18, 1981.]

36 (d) Each retail installment contract for the sale of merchandise on a
37 deferred payment schedule shall also contain an explanation of the
38 consequences of the failure of the retail buyer to make the first or
39 future deferred installment payments under the contract in a timely
40 manner, including a clear statement of whether or not interest would
41 be charged for the entire period of deferment under the contract and, if
42 so, the rate of such interest. Such explanation shall be printed in a size
43 equal to at least ten-point bold type. Such deferred payment schedule
44 shall not be effective unless the contract contains such provisions and
45 the retail buyer acknowledges in writing on the contract that he or she
46 has been informed of the consequences of failing to make the first or
47 future deferred installment payments in a timely manner.

This act shall take effect as follows:	
Section 1	<i>October 1, 2003</i>

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note**State Impact:**

Agency Affected	Fund-Type	FY 04 \$	FY 05 \$
Banking Dept.	BF - None	None	None

Note: BF=Banking Fund

Municipal Impact: None

Explanation

The bill affects private retail installment contract formats and does not result in a fiscal impact on the state.

House "A" made technical changes and did not result in a fiscal impact.

OLR Bill Analysis

sHB 6502 (as amended by House "A")*

**AN ACT CONCERNING CERTAIN PURCHASES OF
MERCHANDISE UNDER THE RETAIL INSTALLMENT SALES
FINANCING ACT**

SUMMARY:

This bill requires retail installment sales contracts for the sale of merchandise on a deferred payment schedule to contain an explanation, in at least 10-point bold type, of the consequences of the buyer's failure to make the first or future deferred installment payments under the contract in a timely manner. The explanation must include a clear statement of whether failure to make payments will cause the seller to charge interest for the entire deferral period and, if so, what the interest rate is. The bill specifies that the deferred payment schedule is effective only if the contract contains the required provisions and the buyer acknowledges in writing on the contract that he has been informed of the consequences of failing to make payments in a timely manner.

*House Amendment "A" makes clarifying and technical changes and deletes obsolete language.

EFFECTIVE DATE: October 1, 2003

BACKGROUND***Legislative History***

On April 9, the House referred the bill to the General Law Committee, which reported it favorably and without change on April 15. On April 22, the House referred the bill to the Judiciary Committee, which reported it favorably and without change on May 2.

COMMITTEE ACTION

Banks Committee

Joint Favorable Substitute

Yea 19 Nay 0

General Law Committee

Joint Favorable Report

Yea 16 Nay 0

Judiciary Committee

Joint Favorable Report

Yea 37 Nay 0